



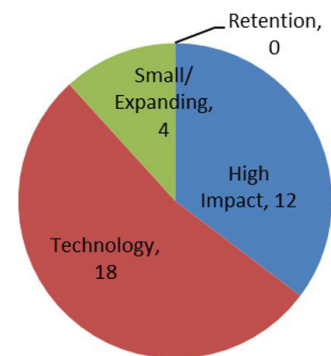
2019 Annual Report

Missouri Quality Jobs Program

The Missouri Quality Jobs Program was introduced and passed during the 2005 Legislative Session, effective August 28, 2005. At the end of calendar year 2019, 34 “new jobs” projects (representing 29 organizations) are approved and active in the program. In addition, a total of 19 “new jobs” projects closed during the year; 15 projects successfully completed the applicable 3 or 5 year benefit period, and 4 projects did not meet or maintain the program requirements and are no longer approved projects. During calendar year 2019, the Missouri Department of Economic Development (DED) has not approved any new jobs projects. Tables 1 through 3 show the companies who have received benefits during 2019.

The Missouri Works Program was enacted August 28, 2013, and replaced 4 programs including Missouri Quality Jobs. A Notice of Intent (NOI) for the Quality Jobs Program could be submitted if multiple phases, or NOIs, were proposed by DED and accepted by the company in the formal letter of proposal by August 28, 2013. The company may submit the number of NOIs as outlined for the project in the accepted proposal, and the company has the option of moving to Missouri Works instead of applying through the Quality Jobs Program. Quality Jobs Program benefits are projected to continue through calendar year 2023.

Approved Projects by Program



Program Requirements

The Missouri Quality Jobs Program provides benefits for companies creating a minimum number of new jobs as required for each of 3 project types. Small/expanding business projects must create a minimum of 20 new jobs in rural counties or 40 new jobs in non-rural counties within 2 years. Technology business projects, determined by the assigned North American Industry Classification System (NAICS) and based on the business activity at the facility, must create 10 or more new jobs within 2 years. High impact projects must create at least 100 new jobs, the first new job within 1 year of approval and at least an additional 99 new jobs within 2 years of hiring of the first new job. Program eligibility requirements for new jobs include an average wage of at least the county average wage (or state average wage if the county average is higher than the state average), the employee must work an average of 35 hours a week at the project facility during the year, and the employer must offer health insurance to all full-time employees in the state, paying at least 50 percent of the premium.

To qualify for the job retention portion of the Missouri Quality Jobs Program, companies must have a significant statewide effect on the economy, represent a substantial risk of relocation from the state and have employed a minimum of 1,000 full-time employees for the previous 2 years with the average wage at or exceeding the county average wage. Investment and job requirements at the project facility for retention projects include that the company must cause to be invested at least \$70 million within 2 years or cause to be invested at least \$30 million within 2 years and maintain a payroll of at least \$70 million each year a tax credit is claimed. In addition, local incentives must be at least 50 percent of the new local revenue generated for 10 years. In accordance with Section 620.1881.3(4), RSMo, job retention projects through the Missouri Quality Jobs Program must have been approved by DED on or before August 30, 2013.

Location

Missouri Quality Jobs Program projects have been approved statewide during the program's existence. Currently 29 projects are in non-rural areas and 5 projects are in rural areas. A "rural area" is defined in Section 620.1878(29), RSMo, as "a county in Missouri with a population less than seventy-five thousand or that does not contain an individual city with a population greater than fifty thousand according to the most recent federal decennial census."

Annual Benefit

Benefits for the Missouri Quality Jobs Program may be in 2 forms, retained state withholding tax and/or tax credits, depending on the project type.

- Small/expanding business projects may retain the state withholding tax of new jobs for 3 years if the average wage of the new jobs equals 100-119 percent of the county average wage, or 5 years if the average wage of the new jobs is at least 120 percent of the county average wage.
- Technology projects receive a base benefit of 5 percent of the new payroll for 5 years. An Average Wage Bonus (see below) may be added if requirements are met. If the retained withholdings are less than the total benefit, the balance is issued to the company in the form of a sellable/refundable state tax credit.
- High Impact projects receive a base benefit of 3 percent of the new payroll for 5 years. An Average Wage Bonus and Local Incentives Bonus (see below) may be added if requirements are met. If the retained withholdings are less than the total benefit, the balance is issued to the company in the form of a sellable/refundable state tax credit.

Average Wage Bonus – Bonus based on percentage of new job average wage to county average wage.

- Greater than 120 percent and up to 140 percent of the county average wage- company receives additional ½ percent of the payroll of new jobs.
- Greater than 140 percent of the county average wage– company receives additional 1 percent of the payroll of new jobs.

Local Incentives Bonus – Bonus based on the local incentives provided to the project as a percentage of new local tax revenue generated from the project, over ten years.

- 10-24% - company receives additional 1 percent of the payroll of new jobs.
- 25-49% - company receives additional 2 percent of the payroll of new jobs.
- 50% or more – company receives additional 3 percent of the payroll of new jobs.

Net State Fiscal Impact

DED's Strategy and Performance Division has provided the economic impact of the Missouri Quality Jobs Program using the Regional Economic Models, Inc. (REMI) Policy Insight Model for both the estimated jobs per project authorized and the actual jobs per project issued. Key findings for program impact include:

Actual Impact

The actual impact uses the information reported as part of the annual reporting process. The results of the analysis are more conservative since the actual information assumes no additional job growth or investment above the amount reported to date for the project.

Over 15 years, every dollar in Missouri Quality Jobs Program incentives is projected to return:

- \$2.87 in new general revenues for the State of Missouri, totaling \$923.9 million over 15 years.
- \$95.33 in new personal income for Missourians, totaling \$47.1 billion over 15 years.
- \$176.60 in new value-added, equivalent to gross domestic product or GDP, to the state economy, totaling \$87.3 billion over 15 years.
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Estimated Impact

The estimated impact considers the information as estimated by the company in the Notice of Intent and authorized by DED.

Over 15 years, every dollar in Missouri Quality Jobs Program incentives is projected to return:

- \$2.95 in new general revenues for the State of Missouri, totaling \$965.7 million over 15 years.
- \$97.20 in new personal income for Missourians, totaling \$48.1 billion over 15 years.
- \$179.88 in new value-added, equivalent to GDP, to the state economy, totaling \$89.0 billion over 15 years.

DED's Research Brief for projects active in 2019 is provided as part of the annual report for this program.

Project Benefits Through December 31, 2019

| Requestor | Location | County | Actual Tax Credit Issued | Actual Total Program Benefits Issued (to date) | Actual New Jobs | Authorized Withholding (over 5 years) | Authorized Tax Credits (over 5 years) | Anticipated New Jobs (over 5 years) |
|---|------------------|-----------|--------------------------|--|-----------------|---------------------------------------|---------------------------------------|-------------------------------------|
| Quality Jobs - High Impact | | | | | | | | |
| A.B. MAY COMPANY | KANSAS CITY | JACKSON | \$1,468,355.80 | \$3,005,473.80 | 216 | \$1,813,050.33 | \$2,014,834.75 | 295 |
| CENTENE CORPORATION | SAINT LOUIS | ST. LOUIS | \$3,749,935.79 | \$10,639,561.73 | 337 | \$4,341,632.60 | \$4,330,147.83 | 375 |
| DIEOMATIC INCORPORATED DBA LMV AUTOMOTIVE SYSTEMS | LIBERTY | CLAY | \$3,514,549.04 | \$3,514,549.04 | 297 | \$0.00 | \$4,330,423.53 | 156 |
| ESI MAIL PHARMACY SERVICES, INC. | SAINT LOUIS | ST. LOUIS | \$8,055,796.51 | \$16,735,684.06 | 1684 | \$811,855.66 | \$9,322,517.17 | 269 |
| ESSENCE GROUP HOLDINGS CORPORATION | MARYLAND HEIGHTS | ST. LOUIS | \$1,065,847.74 | \$1,065,847.74 | 232 | \$0.00 | \$2,257,729.38 | 100 |
| PREMIUM WATERS, INC. | RIVERSIDE | PLATTE | \$68,272.67 | \$507,744.73 | 116 | \$388,713.00 | \$680,249.00 | 100 |
| RGA ENTERPRISE SERVICES COMPANY-NOI #2 | CHESTERFIELD | ST. LOUIS | \$1,522,250.03 | \$4,700,393.03 | 169 | \$2,235,233.50 | \$2,210,355.63 | 100 |
| RGA ENTERPRISE SERVICES COMPANY-NOI #3 | CHESTERFIELD | ST. LOUIS | \$624,027.37 | \$2,158,353.37 | 222 | \$3,450,485.16 | \$2,441,460.87 | 150 |
| VETERANS UNITED HOME LOANS (MORTGAGE RESEARCH CENTER) - NOI # 3 | COLUMBIA | BOONE | \$4,603,718.21 | \$4,603,718.21 | 621 | \$0.00 | \$5,404,518.21 | 300 |
| WELLS FARGO & COMPANY | FREEHOLD | | \$3,469,698.75 | \$5,788,258.75 | 294 | \$3,051,639.33 | \$7,003,463.90 | 400 |
| YANFENG USA AUTOMOTIVE TRIM SYSTEMS, INC. | NOVI | | \$1,416,144.48 | \$2,451,701.48 | 425 | \$1,056,758.00 | \$2,793,806.37 | 291 |
| FORD MOTOR COMPANY | KANSAS CITY | CLAY | \$0.00 | \$14,610,467.73 | 2708 | \$10,800,000.00 | \$0.00 | 1500 |
| Subtotal - High Impact Project Benefits | | | \$29,558,596.39 | \$69,781,753.67 | 7,321 | \$27,949,367.58 | \$42,789,506.64 | 4,036 |

Project Benefits Through December 31, 2019

| Requestor | Location | County | Actual Tax Credit Issued | Actual Total Program Benefits Issued (to date) | Actual New Jobs | Authorized Withholding (over 5 years) | Authorized Tax Credits (over 5 years) | Anticipated New Jobs (over 5 years) |
|--|--------------|----------------|--------------------------|--|-----------------|---------------------------------------|---------------------------------------|-------------------------------------|
| Quality Jobs - Small/Expanding | | | | | | | | |
| AFFINITY GROUP MANAGEMENT | KANSAS CITY | PLATTE | \$0.00 | \$1,010,780.00 | 138 | \$399,078.66 | \$0.00 | 55 |
| COUNTRY CLUB BANK | KANSAS CITY | JACKSON | \$0.00 | \$637,261.00 | 68 | \$853,225.00 | \$0.00 | 65 |
| RGA ENTERPRISE SERVICES COMPANY | CHESTERFIELD | ST. LOUIS | \$0.00 | \$2,616,199.00 | 113 | \$1,866,033.33 | \$0.00 | 100 |
| STIFEL FINANCIAL CORPORATION | SAINT LOUIS | ST. LOUIS CITY | \$0.00 | \$2,571,865.78 | 561 | \$1,979,250.00 | \$0.00 | 225 |
| Subtotal - Small/Expanding Project Benefits | | | \$0.00 | \$6,836,105.78 | 880 | \$5,097,586.99 | \$0.00 | 445 |
| Quality Jobs - Technology | | | | | | | | |
| BIOMERIEUX, INC. | HAZELWOOD | ST. LOUIS | \$513,862.67 | \$1,677,794.67 | 190 | \$117,300.00 | \$521,062.67 | 10 |
| CATALENT CTS (KANSAS CITY), LLC | KANSAS CITY | JACKSON | \$822,951.02 | \$2,519,605.50 | 379 | \$1,924,514.00 | \$989,602.44 | 236 |
| CERNER CORPORATION | COLUMBIA | BOONE | \$155,381.17 | \$481,400.17 | 34 | \$510,000.00 | \$390,000.00 | 50 |
| CERNER CORPORATION | KANSAS CITY | CLAY | \$7,076,460.05 | \$7,076,460.05 | 392 | \$0.00 | \$10,629,509.36 | 450 |
| CLARK, RICHARDSON & BISKUP CONSULTING ENGINEERS, INC. | KANSAS CITY | CLAY | \$204,174.23 | \$723,266.09 | 48 | \$252,302.00 | \$240,075.23 | 20 |
| CLARK, RICHARDSON, & BISKUP CONSULTING ENGINEERS, INC. | SAINT LOUIS | ST. LOUIS | \$74,322.23 | \$726,279.23 | 32 | \$252,302.00 | \$177,163.10 | 20 |
| CO-MO COMM, INC. | TIPTON | MONITEAU | \$124,213.07 | \$349,462.35 | 36 | \$133,233.99 | \$136,660.62 | 20 |
| FANTHREESIXTY, LLC FKA SPORTING INNOVATIONS KC, LLC | KANSAS CITY | JACKSON | \$55,085.27 | \$276,970.59 | 23 | \$1,585,080.00 | \$1,078,920.00 | 180 |
| HUFFT PROJECTS, LLC | KANSAS CITY | JACKSON | \$109,628.55 | \$295,561.24 | 17 | \$143,599.25 | \$145,990.14 | 22 |
| LMI AEROSPACE, INC. (FKA VALENT AEROSTRUCTURES, LLC) | WASHINGTON | FRANKLIN | \$149,666.02 | \$396,219.02 | 43 | | \$1,968,637.00 | 100 |
| LOCKERDOME, INC FKA LOCKERDOME, LLC | SAINT LOUIS | ST. LOUIS CITY | \$69,683.77 | \$404,185.77 | 32 | \$934,757.83 | \$534,148.00 | 115 |

Project Benefits Through December 31, 2019

| Requestor | Location | County | Actual Tax Credit Issued | Actual Total Program Benefits Issued (to date) | Actual New Jobs | Authorized Withholding (over 5 years) | Authorized Tax Credits (over 5 years) | Anticipated New Jobs (over 5 years) |
|--|--------------|-------------|--------------------------|--|-----------------|---------------------------------------|---------------------------------------|-------------------------------------|
| NANOVA BIOMATERIALS, INC. | COLUMBIA | BOONE | \$58,335.71 | \$157,586.71 | 15 | \$338,239.16 | \$243,260.83 | 50 |
| NETELLIGENT CORPORATION | CHESTERFIELD | ST. LOUIS | \$152,663.00 | \$528,217.00 | 39 | \$408,850.00 | \$302,813.00 | 60 |
| UNGERBOECK SYSTEMS INTERNATIONAL, INC. | O FALLON | ST. CHARLES | \$281,614.06 | \$1,126,730.06 | 71 | \$255,000.00 | \$336,214.06 | 35 |
| VALOREM, LLC FKA VALOREM CONSULTING GROUP, LLC | KANSAS CITY | JACKSON | \$381,941.95 | \$1,803,576.65 | 69 | \$434,000.00 | \$468,941.95 | 20 |
| THERMO FISHER SCIENTIFIC FKA PATHEON BIOLOGICS, LLC FKA GALLUS | SAINT LOUIS | ST. LOUIS | \$0.00 | \$0.00 | 41 | \$1,235,454.67 | \$767,985.33 | 317 |
| THERMO FISHER SCIENTIFIC FKA PATHEON BIOLOGICS, LLC FKA GALLUS | SAINT LOUIS | ST. LOUIS | \$0.00 | \$0.00 | 301 | \$104,517.00 | \$61,383.00 | 15 |
| Subtotal - Technology Project Benefits | | | \$10,229,982.77 | \$18,543,315.10 | 1,762 | \$8,629,149.90 | \$18,992,366.73 | 1,720 |
| Total - New Job & Retention Projects | | | \$39,788,579.16 | \$95,161,174.55 | 9,963 | \$41,676,104.47 | \$61,781,873.37 | 6,201 |



Economic & Fiscal Impact of the Missouri Quality Jobs Program 2005-2019 Projects

RESEARCH BRIEF

The Missouri Quality Jobs Program targets three economic areas important to Missouri's future - Small and Expanding businesses, Advanced Technology companies, and High Impact projects. This program, administered by the Missouri Department of Economic Development, provides benefits to a company based largely on the number of high paying jobs created. Benefits require verification of employment before incentives are issued.

Qualifying businesses are required to create a minimum number of new jobs at above-average wages, offer health insurance to the new employees, and pay at least half of the health insurance premiums. In return, qualifying employers will keep a percentage of the state withholding taxes normally paid to the state for the new jobs for a set number of years. The amount of the benefit is based on the wage paid relative to the county average wage where the employer is located. State statute requires an annual evaluation of the net state fiscal benefit of the Missouri Quality Jobs Program (section 620.1890, RSMo).

Missouri Quality Jobs Program Key Findings

Direct Impact

With **actual** information verified to date, the program has directly generated:

- \$8.6 billion in new investment, and
- 30,100 new jobs with health benefits,
- paying an average wage of \$66,800 per year

Assuming sustained employment, actual project accomplishments are estimated to create a combined 75,385 direct and spin-off jobs in Missouri through 2020.

Over 15 years, every dollar in MQJP incentives is projected to return:

- \$2.87 in new general revenues for the State of Missouri, totaling \$923.9 million over 15 years.
- \$95.33 in new personal income for Missourians, totaling \$47.1 billion over 15 years.
- \$176.6 in new value-added to the state economy, totaling \$87.3 billion over 15 years.

Impact of Actual Project Accomplishments Through 2019

As of December 31, 2019, there were 200 projects utilizing the Missouri Quality Jobs Program that DED considers active or completed, including one project for retained jobs. Most of these projects involve businesses engaged in professional, technical, and scientific services, manufacturing, finance and insurance, and company management and support services.

At the time of analysis, all participating projects have provided information that has been verified by DED staff. Although companies have submitted Notices Of Intent, or NOIs, for additional job creation and investments, the analysis in this portion of the report consists of only actual project accomplishments that have been verified and assumes no additional job growth or investments in the future. Using this approach, which produces a more conservative impact estimate, these businesses have directly invested a combined \$8.6 billion and created 30,100 total new jobs with health benefits paying an average wage of \$66,800 per year in Missouri. Missouri Quality Jobs Program incentives for these projects total \$584.2 million in state general revenue.

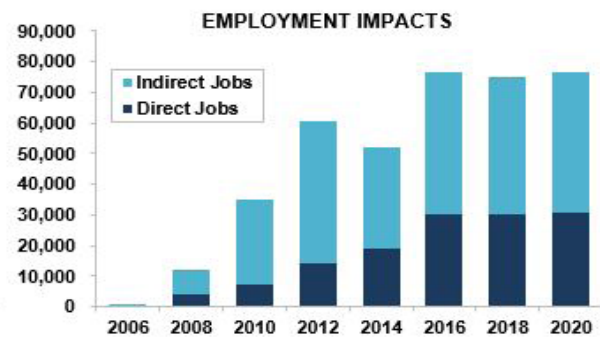
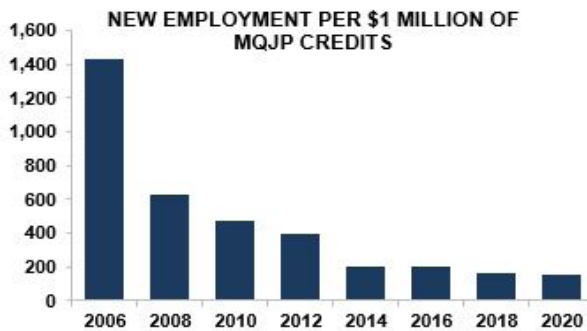
Using only **actual** information, which assumes no additional job growth or investments in the future, the direct impact of these businesses is \$10.9 billion in new investment and 29,700 direct new jobs with health benefits paying an average wage of \$68,700 per year in Missouri. Incentives for these projects cost the state \$554.2 million in general revenue.

Impact of Actual + Projected Project Accomplishments

The remainder of this report will focus on analysis of actual and additional projected accomplishments to determine total estimated impact throughout the life of the program. Historic and anticipated company activity known to DED at the end of the 2019 calendar year is used with economic modelling to analyze the entire program's expected impact. This analysis approach, in combination with the more conservative estimation included above, provides a range of impact estimates useful in understanding the Missouri Quality Jobs Program.

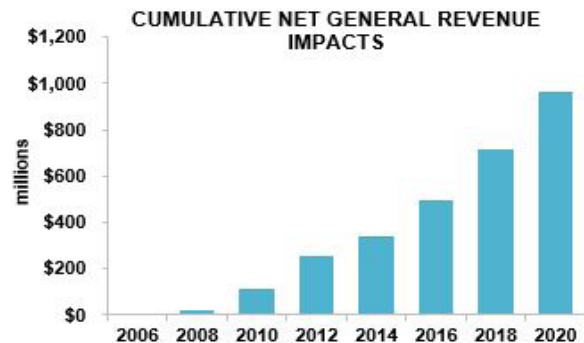
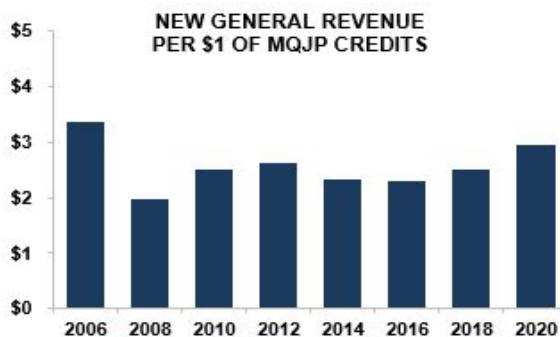
Employment

At full operation in 2020, every one million dollars of state tax credits invested in the Missouri Quality Jobs Program is projected to create an average of 155 direct and indirect jobs in Missouri. Given current project projections, the program is anticipated to create roughly 76,749 direct and indirect jobs in Missouri paying an average wage of \$54,006 through 2020.



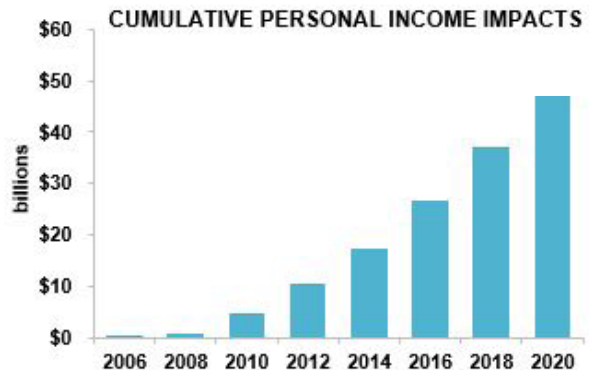
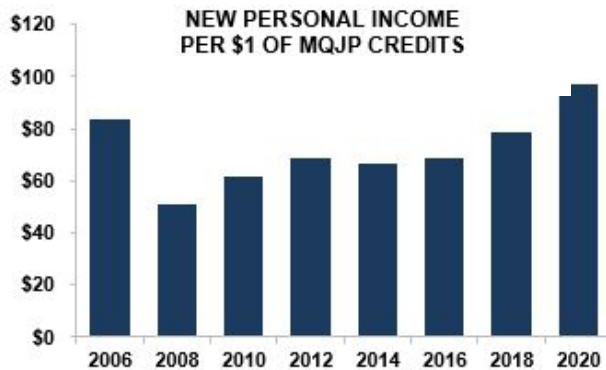
General Revenues

Over 15 years, every dollar of state tax credits invested in the Missouri Quality Jobs Program is projected to return \$2.95 in general revenue to the State of Missouri. Given current project projections, this is anticipated to generate \$965.7 million in new cumulative net state general revenues over 15 years, which averages to \$64.4 million annually.



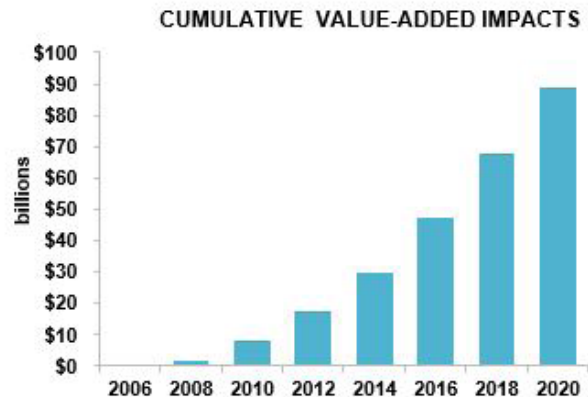
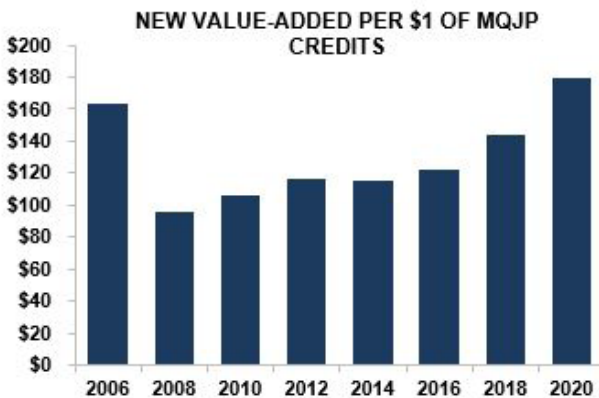
Personal Income

Over 15 years, every dollar of state tax credits invested in the Missouri Quality Jobs Program is projected to return \$97.20 in personal income to Missourians. Given current project projections, this is anticipated to generate \$48.1 billion in new cumulative personal income over 15 years, which averages to \$3.2 billion annually.



Value-Added

Value-added is a subset of total economic activity. It represents the wealth created by industry activity. Using this measure, every dollar of state tax credits invested in the Missouri Quality Jobs Program is projected to return \$179.88 in new value-added to the state's economy. Given current project projections, this is anticipated to generate \$89.0 billion in new value-added over 15 years, which averages to \$5.9 billion annually.



Estimating Fiscal Benefit with Economic Models

Economic models project how spending ripples through the economy, based on past spending patterns. They provide an estimate of potential spin-off jobs and spending that could occur. Through economic modeling and fiscal impact analysis, DED can estimate and compare future state revenues to the costs of providing a tax benefit over time. This makes economic and fiscal impact analysis well suited to projects and programs where the goal is increased economic activity, such as job creation or capital investment, which spurs additional state revenue.

The economic model currently used by DED is the Regional Economic Models, Inc. (REMI) Policy Insight model. Unlike other models, REMI allows DED to estimate impacts over a longer period, as opposed to a single year. This is important, given the multi-year structure of Missouri's tax incentive programs and changes that can occur over time. DED has performed economic analyses for over 15 years and currently performs approximately 200 analyses each year.

All projections of the future state of Missouri's economy carry some degree of uncertainty given unforeseen circumstances, changing business plans, and fluctuating business cycles. The modeling scenario used for this analysis assumes that companies taking advantage of Missouri Quality Jobs Program implement their corporate investment and expansion plans as set forth in their Notices of Intent. Each year the annual report is updated with the latest available information and will reflect any changes that have occurred in the prior year. Having the most current information provides the best estimate of overall program impacts but does mean that past reports will not reflect these later revisions. As the Quality Jobs Program is designed to only provide incentives once information is verified, DED is able to adjust benefits to companies based on actual performance.

Note: An error was identified in the calculation of total investment amount reported in the 2017 and 2018 Annual Missouri Quality Jobs Program Reports. This error resulted in the overestimation of investment amounts, which ultimately resulted in an overestimated benefit to the state. Total "actual" investments for the program was previously reported as \$10.3 billion in the 2017 report, and has been recalculated to be \$7.9 billion. Total "actual" investments for the program was previously reported as \$10.9 billion in the 2018 report, and has been recalculated to be \$8.3 billion. This error has been resolved in the current report.

February 2020

